

**European governance: the emergence of the EU25
Towards the multilevel and multiactor governance**
(Closing Report with the overview of the main results – OTKA 64249)

Introduction: institutional challenges in the EU

There has been a strong pressure for the public administration reforms in the EU25, first of all in East-Central Europe (ECE). Basically, there have been two challenges in the EU that have to be answered:

1. At the EU25 level there is a need to create new transnational regulatory institutions on the top as “metagovernance” and to introduce new common policies that radically transform the horizontal and vertical institutional relationships, in order to overcome the institutional crisis in the EU. At the same time the extension of the multilevel governance (MLG) and the multiactor participative democracy has to be continued, since the new transnational institutions have to be even more balanced with the structures of the mesogovernments (deepening).

2. After the Eastern enlargement sharp tensions have emerged between the old and new member states in the workings of the EU institutions because the MLG structures – basically the mesogovernments in their inter-governmental relationships – are very weak the new member states. Hence the democratic institution building has to be completed in the new member states in meso- and micro-levels as well. Moreover, they have to catch up with the latest developments in the old member states as well as at the EU level (structural adjustment).

The main message of this research summary is that in the EU the deficit is bigger in the effectiveness than the often mentioned democratic deficit. Therefore, it is more important and urgent in the EU to reform the “performance” than “democracy”, although it may be even more important to emphasize that in the participatory democracy it is in fact impossible to separate them, since the active democratic “participation” itself is the most important factor of “performance”. It has been the guidelines of the European governance since the seminal *White Paper on Governance* (Commission, 2001b) that was already prepared also from the MLG side (Commission, 2001a), although this dimension has come to the fore just in the second half of the 2000s. But as an analytical device, I will try to separate “democracy” (politics) and “performance” (policy) relatively in order to point out how to increase the “performance” or effectiveness through the MLG structures, which is high on the agenda everywhere in the EU (see Ambrosetti, 2009 and Bertelsmann, 2009).

This paper addresses first of all the challenges of new member states against the background of the institutional reform in the EU, which has demanded enhanced structural adjustments as public administration reforms in the new member states. In

addition, it deals also with extending the European governance to two regions, the West Balkan states and to the Eastern neighbours, i.e. altogether with the relationships of deepening and widening from the special aspect of public administration reforms. Basically, the West Balkan states and the new neighbours have similar problems to a great extent with the new members: in both cases there is an institutional "Bermuda Triangle" at the level of meso-politics where the top-down efforts of Europeanization and Democratization "disappear". In a word, the next step of democratic institution building in the East-Central European new member states as well as in the both the Balkan and the Eastern new neighbour states is to creating or further developing the multilevel and multiactor democracy that can be an institutional channel for their bottom-up Europeanization and Democratization.

The new member states in East-Central Europe (ECE) have traditionally been centralized unitary states, with some democratization of macro-politics. Even the EU accession and post-accession has produced a counter-productive process because it has led to the re-centralization of the state under the EU performance pressure. The preference of the Commission has also been to negotiate with the central governments and not with the plurality of the weak, ignorant and non-representative social and territorial actors. Therefore, in the post-accession structural accommodation process of the new member states some concentrated efforts have been necessary for MLG type of public administration reforms. This is the political precondition to overcome the post-accession crisis in the new member states. The experiences of these reforms can be transferred to some extent to the West Balkan and the East European regions.

Multiactor democracy and capacity building in meso- and micro-politics are the two sides of the same coin, thus Democratization and Europeanization demand equally the development of the MLG structures, since with this kind of Europeanization the emerging democratic institutions will have also a higher performance. What is needed, effective regionalism and completing the system of organized interests, in which the task of nation states is not simply finding but forming, creating partners, i.e. the institution building on the top as "macrogovernance", and also at the lower levels as "mesogovernance" and "microgovernance". Nowadays democracy deficit appears in the "missing middle", in the meso-governments as regional deficit and social dialogue deficit, i.e. in the growing regional disparities and in the increasing interest representation asymmetries. Similarly, a robust and vibrant but extremely asymmetrical civil society has emerged in ECE at the micro-levels, since the voluntary associations represent mostly the new middle classes and they are concentrated in the capital.

All in all, the MLG type public administration reforms are high on the agenda in ECE and in the neighbouring states at all levels. In the 2000s NISPAcee has intensively dealt with the capacity of the central governments and with the "politico-administrative

relations" and it has also raised the governance issue at central and local levels (see e.g. Verheijen, 2001; Potucek, 2004; Rosenbaum and Nemec, 2006; and Connaughton, Sootla and Guy Peters, 2008). It is high time to shift the focus of research on the MLG approach that has been developed at length in several works above.

I. From governance to multilevel governance

General considerations – theoretical background in the EU documents

Governance and communication have been two pillars of the performance oriented EU democracy that have been elaborated in the two *White Papers* of the European Commission in 2001 and 2006. The "governing the EU" has been the basic democratization program of the EU for bridging the gap between citizens and institutions. It has to take place at many levels and by many actors as multilevel governance and multiactor democracy in order to mobilizing, connecting and empowering the state and nonstate, public and private actors. Hence, the full "social" policy cycle (communication – participation – decision) has to be taken into consideration for the merger of the governance and communication strategies. The *White Paper on Governance* (2001b) already formulated the program of the extension of representative democracy through the multilevel governance, i.e. overcoming the problems of democratic deficit caused by missing participation through the mobilization of citizens and the empowerment of an organized or "articulated" society. The basic statement in the 2001 document is the following: "Reforming governance addresses the question how the EU uses powers given by its citizens. It is about how things could and should be done. The goal is to open up policy-making to make it more inclusive and accountable. (...) The quality, relevance and effectiveness of EU policies depend on ensuring wide participation throughout the policy chain – from conception to implementation." (2001b:8,10). This statement admits that the EU was an elite business, but in the nineties the masses appeared on the scene because they were concerned by the extension of policies, therefore after Maastricht Treaty also the extension of the representative democracy has become absolutely necessary. The democratization program along the lines of governance was continued in 2005 by the "Plan-D" (Commission, 2005).

The starting point of the 2006 document on communication seems to be formulated in the same vein: "A partnership approach is essential. Success will depend on the involvement of all the key players – the other EU institutions and bodies; the national, regional and local authorities in the Member States; European political parties; civil society." (2006:2). The 2006 document has also emphasized the involvement of the stakeholder forums, specific interest groups, or the decentralized approach in general.

Under the title of "empowering citizens" this document has outlined three steps: (1) improving civic education, (2) connecting citizens with each other and (3) connecting citizens and public institutions but it has been done at a very abstract level. Although the document has mentioned the actors – "professional and sectoral organizations" and the levels – "national, regional and local dimension" –, this has still not exposed the issue of "empowering" the citizens. European citizens come from widely diverse social and cultural background, therefore "empowering the citizens" means actually "nesting" them, i.e. involving their interest organizations in the policymaking process. Completing the development, the 2008 *Debate Europe* document has mentioned the participatory democracy – "The Plan D civil society projects showed that participatory democracy can successfully supplement representative democracy." (2008a:5).

Basically, the EU itself has emerged as a multilevel polity, as an organization in which the central executives ("metagovernance") govern by sharing responsibility and authority with other supranational and subnational actors. Fritz Scharpf has clearly pointed out that the main failure of the theoretical literature is in the confrontation of intergovernmental and transnational models, since "the multi-level polity of the European Union is conceptualized in a single-level of intergovernmental interactions", and these single level models are "ill suited to deal with multi-level interactions" (Scharpf, 2000:5). Even within the member states there is a plurality of the lower level, distinct governing modes, therefore "the coexistence of, and the interaction between, distinct levels of government" presupposes a "fusion" of governing functions as a structure of network governance. Thus, in the analysis of the EU polity one has to "take account of the multi-level nature of European institutions and governing processes." (Scharpf, 2000:7).

In his Conclusion the MLG appears as the basic institutional feature of the EU: "The European polity is a complex multi-level institutional configuration which cannot be adequately represented by theoretical models that are generally used in international relations or comparative politics. (...) these difficulties could be overcome by a modular approach using a plurality of simpler concepts representing different modes of multi-level interaction that are characteristic of subsets of European policy processes." Thus, "the same conceptual tools should also be useful for the analysis of subnational, national, transnational and other supranational policy-making institutions." (Scharpf, 2000:26). Given the multilevel nature of European institutions and governing processes, according to his conceptual framework, the European governance has been based on the following multilevel interactions:

1. *Mutual adjustment* – national governments continue to adopt their own policies nationally but they do so in response to, or anticipation of, the policy choices of other governments.

2. *Intergovernmental negotiations* – at the lowest level of institutionalization national policies are coordinated by agreements but national governments remain in full control of the decision-making process.

3. *Hierarchical direction* – the mode in which competencies are completely centralized and exercised by supranational actors without the direct participation of member state governments.

4. *Joint decisions* – it combines aspects of intergovernmental negotiations and supranational centralization as the openness of decision-making process to the demands of plural interests, to the networks of interest intermediation.

Since the late nineties the MLG concept has become the mainstream approach in the European Studies from the international relations to the regional research, as the seminal book written by its prominent authors has demonstrated (see Bache and Flinders, 2004). The idea of MLG type of democratization with public administration reform has also been developed in several works of Guy Peters (see recently, Connaughton et al, 2008:8-11). It has been extended after the Commission's *White Paper on Governance* to several policy fields, including employment policy (see Garcia et al, 2004). Arguing for the utility of the concept of MLG, also Ian Bache and Matthew Flinders present this concept as a theoretical response to the emergence of the multilevel European Union. This process has led to the differentiation (dispersal) of authority, both vertically to the new levels of governance and horizontally to the new, nonstate actors with increased interdependence in both. The MLG concept has proven to be useful to capture these complexities and to overcome the rigid distinctions between domestic and international politics in order to analyze the implications of the growing interactions between governments and nonstate actors across the various levels (see Bache and Flinders, 2004). Ian Bache and Rachel Chapman in a recent paper (2008) have further elaborated MLG concept at the subnational territorial levels. They point out that "The literature on multilevel governance has typically focused on contestation and cooperation between a cross section of political actors organized at various territorial levels. In this context, the role and authority of state has been challenged by the increased engagement of supranational, subnational and nonstate actors. (...) Its emphasis is on the growing importance of both horizontal and vertical interdependence in the context of European integration that is between actors located at different territorial levels and from public, private and voluntary sectors. A characteristic feature of this kind of policy-making is the prominence of 'territorially overarching policy networks'." (2008: 397-398).

The extension of democratic institutional structures and practices from governance to multilevel governance has been a big stride in the democratization of the EU but some basic weaknesses of the emerging multilevel and multiactor democracy have also come to the surface. In general, the recently emerging world order can be characterized by the

unprecedented unity and unprecedented fragmentation that has been exacerbated by the global crisis. The EU polity as well as the member states' polities can also be characterized in the same way. For the parallel processes of fragmentation and integration James Rosenau coined the term "fragmegration". The MLG approach can serve as a "prime mechanism" to steer the tension between the – external and internal - fragmentation and integration (Bache and Flinders, 2004:1,5). If representative democracy is to be extended to the new and new actors at various levels by turning it into participatory democracy at macro-, meso- and micro-levels, then the three following questions arise: (1) who decides about the entry of new actors to the particular policymaking processes, (2) what kind of regulation is imposed upon the relationships of the actors in that given process and (3) how the accountability is applied to these actors. The MLG principle has also a big deficiency that has been called a "Faustian Bargain", or better to say "Faustian Dilemma". It turns out that the old model, "civil society has to control the state" has become inefficient and outdated, since the borderline between state and civil society has been blurred with the mass of the new "unregulated" civil actors that have entered the policymaking process. The real question is, how to control the new actors, i.e. "how to control the controllers" that needs a new model of democracy with the change of paradigm. It applies also to the old member states but even more so to the new ones, but it applies first of all to the regulation of the new world order, which goes far beyond the topic of this paper.

The "political control and accountability remain just as critical as ever to democratic government", given the continued extension of representative democracy to a multiactor democracy. In a word, the MLG itself does not provide the political accountability dimension for representative democracy and therefore it may lead to an increasing democratic deficit. Thus, Guy Peters and Jon Pierre "highlight the perils and dangers associated with such governance in terms of participation, accountability, transparency, and inclusion." (Peters and Pierre, 2004:76-77). The Faustian Bargain according to them is that by this extension one can gain efficiency in the policymaking process at a price of losing accountability, therefore they also separate "performance" and "democracy" as analytical devices to point out the main problem: higher efficiency at the price of compromised "democracy". One can cope better with diversity and complexity in a widening universe of public policy in the extension of the MLG structures but this new arrangement necessitates a new type of political control and leadership. The answer to this new problem is the democratically constructed and controlled metagovernance as explained below, since otherwise more efficiency will cause less accountability and increased democratic deficit at both ends, at the top and bottom of the EU polity. In a word, the next step of democratic institution building in the new member states as well as in the West Balkan and the new neighbour states is creating, or further

developing, the multilevel and multiactor democracy that can also be an institutional channel for the bottom-up Europeanization and Democratization. This democratization strategy of the new member states at the same time runs parallel with that of the EU, given the striking similarities between them concerning their democratic deficits.

The extension of representative democracy through the MLG process into some kind of the troubled participatory democracy has not only created new democracy deficit in the EU but also some marked policy asymmetries between policy fields given the lack of coordination between economic, social and territorial cohesion. The economic cohesion of the EU has always been in the forefront in the EU with a constant effort to balance or complete it by social cohesion. Due to the relative failure of the Lisbon Strategy and its renewal in 2005, the "growth and jobs" approach has diminished the importance of social cohesion in order to enhance the economic competitiveness in the global arena. In the first decade, however, territorial cohesion/dimension has been relatively neglected, although the initial set up of the Lisbon Strategy has identified the regions (NUTS2) as the basic units of the competitiveness and it has exposed the territorial cohesion in the EU as a basic objective. In fact, territorial cohesion has been pushed back, since the clash between economic and social cohesion has been a heavy problem/tension in all member states, while the territorial cohesion has only been a partial problem, mostly limited to the less developed member states. It has been felt by the net payer member states as an overload and unnecessary burden and they have emphasized all the time that the territorial assistance has been counterproductive and inefficient, so it has to be (re-)nationalized. Eastern enlargement has increased this "second" debate, first of all after the entry of the East Balkan states. The debate has been reinforced by Spain with its phasing out stage losing interest in cohesion policy, as the UK earlier in the nineties. The Lisbon Strategy has to be renewed for the next decade in 2011 and this policy asymmetry between economic, social and territorial cohesion has to be corrected, otherwise the second decade may also be a relative failure of Lisbon Strategy in the enlarged EU27.

Overcoming of the new weaknesses by the extended metagovernance

The MLG approach stresses the distinction between government and governance, but this does not mean at all that the national governments will be fatally weakened, and a "super-government" will not appear at the EU level either. This concept presupposes the continued importance of nation states at various territorial levels and throughout the policy process, i.e. the governments will have more multilevel *deconcentration* parallel with the widening *decentralization* along the governance line. Basically, there is also "a growing recognition of the role of states in shaping and regulating governance (...) as

metagovernance.” (Bache and Flinders, 2004:201). If the MLG is going to overcome the weakness of losing democratic legitimacy, then also some new means have to be found to empower citizens to cope effectively with this shifting location of power. The electoral legitimacy of national governments ensures them pivotal role in this changing context, but the diffusion of competences and the changing patterns of participation demand some additional mechanisms of accountability beyond those provided by representative institutions. Consequently, “the evolving structures of multi-level governance are likely to necessitate new forms and models of accountability that seek to build new and innovative conduits between the public and the institutions involved in complex networks. In essence, this may involve a fundamental reappraisal of the meaning of democracy and the role of representative institutions within nation states.” (Bache and Flinders, 2004:205).

The extension of representative democracy to participatory, multiactor democracy overstretchers the frames of democratic accountability and legitimacy, and it demands a parallel change or extension in the control mechanisms. The basic idea for this mechanism in the form of metagovernance at the top has come from Bob Jessop. He has elaborated the idea about the continuing centrality of the state as metagovernance, with respect to its capacity providing the ground rules for governance and regulatory order through which governance partners can pursue their aims: “For political authorities (on and across all levels) are becoming more involved in all aspects of metagovernance: they get involved in redesigning markets, in constitutional change and the juridical re-regulation of organizational forms and objectives, in the overall process of collibration.” (Jessop, 2004: 65). Jessop here gives a long list of the metagovernance functions, namely metagovernance provides the ground rules for governance and regulatory order in and through which the governance partners can pursue their aims, and it ensures the compatibility or coherence of different governance mechanisms and regimes. This central authority acts as the primary organizer of the dialogue among policy communities, and deploys a relative monopoly of organizational intelligence and information by helping in the self-understanding of identities, strategic capacities and the real interests of the individual and collective actors in various social contexts. It serves as some kind of “court of appeal” for disputes arising within and over governance and it seeks to rebalance power differentials by strengthening weaker organizations to enhance social integration and cohesion. Finally, the metagovernance has the basic function to assume the political responsibility in the event of governance failure. This long list can be further widened and explained from different sides but it already demonstrates clearly that this central authority, the state at the national level does not lose its importance with the shift from government to governance. Just to the contrary it gains new importance through these

vital functions without which the emergence and extension of the MLG would lead to chaos and to the weakening of the democratic order and legitimacy.

It is not enough, however. By the extension of representative democracy not only national but also the EU transnational democracy has changed its meaning. The workings of the EU necessitate increased metagovernance at the new top or peak institutions in the form of the renewal in the Big Power Triangle of the Council, Commission and Parliament. As Jessop explains, "(T)he European Union can be seen as a major and, indeed, increasingly important, supranational instance of *multi-level metagovernance* in relation to a wide range of complex and interrelated problems." Metagovernance has also the function to elaborate the long-term Grand Strategy for Europe. In the Big Power Triangle "The European Council is the political metagovernance network of prime ministers that decides on the overall political dynamic around economic and social objectives (...) The European Commission plays a key metagovernance role in organizing parallel power networks, providing expertise and recommendations, developing benchmarks, monitoring progress, promoting mutual learning, and ensuring continuity and coherence across presidencies. This is associated with increasing networking across old and new policy fields at the European level as well as with a widening range of economic, political and social forces that are being drawn into multi-level consultation, policy formulation and policy implementation." (Jessop, 2004:72).

Consequently, the pattern of multilevel metagovernance in the EU is still evolving and it has the tendency of permanent change and reforms for two reasons. First, there are inherent tendencies of failure in all major forms of governance like the market failures, so the "governance failures" have also to be corrected and balanced. Second, the metagovernance itself may develop its own special "top" failures, hence it needs an internal correction mechanisms for its internal renewal. This is the eminent case with the creative crisis in which the EU has recently entered a new phase with the second Irish No, and it may be even more so in the case of the global financial crisis. From the point of view of "multilevel metagovernance", the MLG concept has to be developed as the main profile of "deepening" that presupposes permanent structural transformations in the relationship of both the vertical institutional layers and the horizontal actors within the EU. Democratically constructed and controlled metagovernance is the solution for democratic deficit at both ends, at the top and bottom of the institutional structure. It represents the positive sum game or win-win game in democratic politics.

In the final analysis the European governance can be described in three partnership triangles in the EU decision-making in general and in the EU policymaking in particular. The *first* macro partnership triangle is between (1) the EU transnational institutions, (2) the nation state institutions and (3) the subnational actors and agencies. In the *first* partnership macro-triangle the nation state intermediates between the EU and

regional levels and it transmits the Europeanization effect top-down to the national and subnational actors, and it represents their national-local interest bottom up. The *second* meso partnership triangle appears at the member state level between (1) the nation state and (2) the social actors horizontally and (3) the territorial actors vertically. In this partnership meso-triangle both the social and the territorial policy communities have their action fields. The *third* micro partnership triangle(s) are at the subnational level of these social and territorial actors and they have both horizontal and vertical, or both policy (sectoral) and territorial dimensions. These partnership micro-triangles have a plurality of distinct policy networks or communities, in which the state administration units or special state agencies are engaged in active cooperation with the local - social, business, civil, territorial - nonstate actors. Altogether, the introduction and extension of the MLG structures have caused, indeed, a participatory revolution. Most European citizens are aware of this multilevel approach and they actively support it.

Deepening as usual can also be understood as extending-strengthening the subnational-regional governance at the bottom in the framework of the European and state governance. However, at the present EU institutional crisis no doubt that in the vertical relationship the main reform agenda is in the Scharpf's term moving from the loose "mutual adjustment" to the organized "joint decision making" between the EU, state and regional levels in all the three partnership triangles. In general, both the bottom up and the top down directions are necessary for the deepening in the EU. The bottom up approach facilitates the workings of MLG structures based on the subsidiary principle and the top down as opposite approach strengthens the centralized decision making at the top. Nowadays, in the special situation of the Lisbon Treaty's ratification process it is more important to move more and more to "hierarchical direction", to the "centralization" of European governance in the new increased metagovernance, i.e. the institutional reform at the top is now high on the agenda. The new common-community policies like climate change, energy and innovation – but also many JHA policies like immigration - need more centralized EU institutions as concentrated decision making processes at the top, in which the MLG structures at the bottom have also their own very important role in both preparing and implementing the centrally made decisions.

As to the second and third partnership triangles, in the developed member states multilevel and multiactor democracies have emerged through an extended system of the social dialogue and territorial decentralization ("regionalization") as well as with relatively autonomous and powerful social and territorial actors as "veto points" in the decision making system. This multiactor democracy is largely missing or hardly developed in the new member states. The social and territorial actors are weak, their competences are limited and their role in the decision making system is very restricted. The EU membership has meant tremendous pressure for them in this respect, but first of all not

in political dimension, but much more in practical dimensions of the cohesion policy for an urgent capacity building. There have been some developments in the second partnership triangle, in fact the constitutional arrangements are there, but the subnational institutions are still weak. Moreover, the third partnership triangles as the horizontal policy networks and/or communities at regional level are hopelessly missing or weak, so is the system of their vertical network governance that incorporates the subregional territorial and social actors (see Commission, 2008b:12).

This research line of multilevel governance has also been very important for the practical reasons of the absorption of the Structural Funds. It is a salient issue not only in the old member states, but even more in the new member states. Here the weakly developed sector of the mesogovernments and microgovernments, or the low institutionalization of the MLG structure in general has always been the biggest obstacle to the optimal use of the Funds (see e.g. Dezséri, 2007). The main reason is that at the meso-government level - like in a "Bermuda triangle" - the Europeanization efforts starting from both sides, from both the top and the bottom have usually disappeared. As a result of the post-accession crisis and the early challenge of the MLG structures an institutional jungle has appeared in ECE, since governance has been extended without a proper regulative system. Drastic transformation of representative democracy has begun towards the participatory-inclusive democracy but it is only in its first, controversial stage. Thus, nobody knows who is who in the policy-making process and what kinds of competences these newly entering actors have, in relations to the state or to each other, "controlling the controllers". The state and civil society have merged to some extent and the boundaries have been blurred, so civic organizations do not control the state exclusively from outside but also active inside. There will be a long road ahead to build the new regulative structures as metagovernance even in the ECE national frameworks but this process has speeded up under the global pressure. Accordingly, the latest MLG literature has been developed in its two basic dimensions, in both governance-performance terms and in democratization perspectives that has proven the MLG discourse has been and will be the main discourse in the renewal of the EU, even in its policies to the neighbours.

II. External governance in the West Balkans and Eastern neighbour states

The clash between policies and institutions

The extended or external EU governance as a transformative linkage policy in fact has been based on the mechanisms of "regulatory boundary" (policy) and "organizational boundary" (institution). The regulatory boundary covers the specific policy areas,

addressed by the agreements, legal obligations and modalities through which compliance is monitored. The organizational boundary means those institutions and/or agencies through which the third country concerned participates in shaping and implementing the decisions. The EU has wanted to elaborate flexible cooperation relationships with these boundaries but, obviously, there has been a huge gap between these two clashing and confronting mechanisms. The EU has tried to expand the regulatory boundary with new and new issues attached to the policy agenda but it has tried even more to limit the organizational boundary, since it has created only minimal common institutions and has expressed its unilateralism very forcefully by formulating the substance of the agreements. Thus the major weakness of the widening policy has been its low level MLG type of institutionalization in the spirit of the famous saying by Romano Prodi: "everything but institutions". He has meant by that the EU can elaborate some regulatory mechanisms for the extended governance formulated in bilateral agreements but the EU will not establish common institutions with the countries concerned in order to avoid and to exclude the sovereignty-sharing procedures (Lavanex et al, 2008:1, see also on the ENP in general Blockmans and Lazowski (2008), De Bardeleben (2008) and Varwick and Lang (2007).

The EU has aimed at the institution building in the West Balkan countries but not so much creating "shared institutions" between the EU and the WB countries. In addition, the EU has focused so far only on the first partnership triangle as macrogovernance, or on the state to state relations. By launching the first reform waves of the public administration the main aim of the EU has been the nation-building that has still been uncompleted so far. Therefore, the EU has neglected the second and third partnership triangles within the WB countries. The EU has promoted the sectoral integration in some policy fields and wanted to offer assistance to build up the proper institutions at the macro level but it has not realized, or it has not arrived at this task, that it can only be promoted and/or implemented properly, if the supporting subnational institutions exist in the West Balkan states. The failure of the East Balkan states – Bulgaria and Romania – in building up the basic institutions could have been a warning sign for the EU but this negative experience has not yet been taken into consideration enough so far (see Andreev, 2008).

The National Strategy for Development and Integration in the WB has been funded by the IPA (only the first two out of five for the potential candidates)

- (1) support for transition and institution building
- (2) cross border cooperation
- (3) regional development leading to cohesion policy
- (4) human resources development leading to cohesion policy
- (5) rural development leading to CAP.

Although the WB integration process and Eastern Partnership differs a lot, the lack or weakness of the shared institution is common in these differing cases. Sandra Lavenex and her co-authors have formulated this basic contradiction very markedly between the ENP model based on the enlargement process with conditionalities and the lack of proper institutions for its implementation. Simply said, the fundamental difference is that the ENP has not intended to create a "legally homogeneous" space with the neighbouring countries: "In practical terms, however, the EU considers its own 'standards' as a model, which third countries might want to follow. The resemblance to the enlargement mechanisms, which finds expression by the reference to the concepts of 'approximation' and the commitment to 'shared values', is also displayed in the political nature of 'monitoring of compliance' under ENP. The characteristic features are unilateral 'progress' reports drawn up by the European Commission and the ensuing discussions in the various formats of the AA and PCA Councils. (...) Put differently, the shift of the organisational boundary is very limited and does not include any participation in decision-shaping. To conclude, neighbourhood relations differ from conventional external relations in that the EU displays a strong interest of exporting its regulatory policies to the neighbouring countries while at the same time it lacks its most successful foreign policy instrument: accession conditionality." (Lavenex et al, 2008:4).

In this respect the relationship between the EU and the ENP countries differs basically from that of between the EU and the developed European partner countries in matters of institutionalized patterns of interaction on governance. While in the case of Western neighbours the shift of the regulatory boundary has been accompanied with the opening and widening of the institutional boundary at the same time through granting membership for them in EU agencies and programmes, in the ENP case the tension has grown through the constant widening of the regulatory boundary but without opening the organizational boundary. This tension or asymmetry has become the major obstacle to the further development of the ENP. The above quoted co-authors argue that "As the experience of the Western neighbours shows, participation in such structures is not only supportive to the third countries' approximation to the EU policies, it also increases the sense of partnership and co-ownership, thus fostering the legitimacy of such regulatory approximation." (Lavenex et al, 2008:4).

No doubt that this principle of "no common institutions" has to be given up and the EU has to establish common institutions at distinct governing levels with joint decision-making processes in order to make the ENP effective and efficient, since the low level of institutionalization has been the main reason for its improper working and moderate success so far. EU has to facilitate the bottom-up Europeanization and Democratization of its neighbours by building common institutions in the framework of multilevel and multiactor democracy. In addition to this regulatory-institutional

asymmetry a large geographically based institutional asymmetry can be noticed in the ENP between the two big regions. Given its historical advantage, the Southern rim has elaborated a rather wide but weak institutional framework, e.g. the regular Euro-Mediterranean Ministerial meetings with its annual work programmes. In Eastern Europe the institutional framework in general and the bilateral, country specific institutions in particular have been very much lagging behind, actually almost missing.

Altogether, the main MLG reform line in the ENP is moving from the "regulatory boundary" to "organisational boundary" as a shift from the present asymmetry to more participatory relationship. In Scharpf's terms it means moving basically from the "hierarchical direction" to "joint decision making", or at least from the spontaneous "mutual adjustment" to "intergovernmental negotiations". This process in practical terms would be approaching to the situation in the more developed European countries (EEA states and Switzerland) also in the case of the ENP partners, since this relationship with the developed countries is much less "regulatory" and more based on the active participation in the common institutions and organizations. The EU politicians and experts have realized that the fundamental nature of the EU polity is its multilevel character. But they have not yet realized that the relationship is the same with the ENP partners, since widening, as extending of the European governance to the state and nonstate actors, and to state and substate levels, presupposes a MLG structure as well. Therefore the more MLG type of governance is introduced in the ENP, the better and more efficient these bilateral and multilateral relationships would be. The extended EU governance as unilaterally imposing "regulations" upon the ENP partners has reached its limits, in fact, it has become counter-productive. The improvement of relationship is possible only through the common institution building, i.e. creating "organizations" to make the EU regulations feasible. Transformative regionalism in the Emerson's terms with its MLG structure can only be successful, if it is at the same time a compensatory regionalism offering substantial advantages for the neighbouring states instead of EU membership.

Conclusion: the emerging "glocal" governance

The increasing globalization already in the nineties speeded up and strengthened to a great extent the "regionalization" efforts worldwide. Regionalization means here the continent-size transnational formations like the EU, NAFTA and ASEAN. In the present decade this process has not only continued but further strengthened and it has also shown the signs of the "spill over effect" to other levels as well. The stronger is the impact of globalization on all other territorial levels, the more the transnational regions, countries and subnational regions organize and strengthen also their smaller territorial units. The "glocal" governance is a reaction to the danger coming from the global

uncertainties as an arch of the multilevel governance from the global governance to the local governance: the global-local linkage. Thus, the global governance is basically a strengthened local governance and basic democracy under the global pressure at the level of local communities. Glocal governance is both a transition from global to local governance and an arch of institutions between the two ends. It proves that globalization penetrates not only countries and subnational regions but also the much smaller territorial units and communities, and under its pressure even the local governance needs a reconstruction.

Actually, the big periods of the EU development have been created by the deep transformations as milestones of the world system. The first period ended in 1973 with the first enlargement that opened up the core Europe to a continental power through series of enlargements, and the second one in 1991 (Maastricht Treaty) with the collapse of the bipolar world turned the EU into a global actor. In 2008 the third period came to an end with the outbreak of global crisis, and around 2010/2011 a new, fourth period will begin that will differ from the present EU beyond recognition. The EU is in a creative crisis and some outlines of the "new EU" in a "new Europe" can already be seen based on a MLG type of structure with an extended external governance and deepened internal governance. In the democratic renewal of the EU - also in its relationship with the neighbours - a new European identity and civil society cooperation will emerge (see Kostakopoulou, 2008, Ruzza and Bozzini, 2008).

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